Iraq (GBI) as it contained inorganic foreign matters such as sand, dust etc. and live insects.

(e) The consignments rejected have been sold to other buyers who found no quality problems. No loss has been caused to the Government.

(f) An official delegation from Government of India visited Iraq explained out stand that as per contractual specifications foreign matter upto 2% maximum is permitted, and even CODEX standards allow inorganic foreign matter upto 0.5%, and the GBI had approved the cargo prior to shipment, whereupon the GBI has agreed to import wheat from India and to replenish the rejected goods by December, 2001.

Impact of free imports on industrial growth

182. DR. DASARI NARAYANA RAO: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether industrial growth of the country has slowed down considerably particularly after announcing the opening of free imports in the country;

(b) if so, the details thereof, sector-wise; and

(c) the steps Government have taken to arrest this trend?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. RAMAN): (a) and (b) The industrial slowdown is on account of several factors. There has been no impact of free imports after removal of Quantitative Restrictions (QRs) w.e.f 1st of April 2001. India's non oil imports during April-May 2001-02 have declined by 6.01% over the corresponding period of previous year.

Sector-wise growth rates of industral production during first two months of the current year are as below:

	2000-01	April-May 2000-01	April-May 2001-02
MANUFACTURING	5.3	6.6	2.6
MINING	3.6	3.3	3.8
ELECTRICITY	4.0	5.1	2.2
GENERAL	5.0	6.2	2.6

(c) The Government have taken several policy initiatives to boost industrial production in the country. These measures have been targeted to improve competitiveness of Indian industry in general and to boost aggregate demand, improve infrastructure base, upgrade technology, introduce labour flexibility and encourage FDI flows in particular. These include:

- Basic customs duty in case of raw materials and intermediate goods have been reduced.
- Excise duty has been rationalized, with one rate of Cenvat and one rate of Special Excise duty (SED).
- Budgetary provisions under Technology Upgradation Fund Scheme (TUFS) have been raised to speed up the modernization of textile industry.
- Interest rate on small savings have been reduced leading to a reduction of the interest rate structure.
- RBI has reduced Cash Reserve Ratio and Bank Rate to increase liquidity and reduce the lending cost
- Public spending out of the current budgetary allocations has been stepped up.
- Proposals have also been made for suitable legislative changes to improve the operating environment for industry.